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IN THE

Supreme Court of the United States

OCTOBER TERM, 1941.

No. 892 .

HAZELTINE CORPORATION,
Petitioner,

vs.

THE CROSLEY CORPORATION,
Respondent.

PETITION FOR WRIT OF CERTIORARI TO THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE THIRD CIRCUIT AND BRIEF IN SUPPORT THEREOF.

WILLIAM H. DAVIS
R. MORTON ADAMS
Counsel for Petitioner

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IN THE

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OCTOBER TERM, 1941

HAZELTINE CORPORATION,

Petitioner,

vs.

THE CROSLEY CORPORATION,

Respondent.

PETITION FOR WRIT OF CERTIORAI

To the Honorable, the Chief Justice and the Associate Justices of the Supreme Court of the United States.

Your petitioner, Hazeltine Corporation, prays that a writ of certiorari issue to review the decree of the United States Circuit Court of Appeals for the Third Circuit entered herein on September 11, 1941 (R. 35).* Rehearing and reconsideration by that Court were requested and were denied October 30, 1941 (R. 41).

A certified transcript of record in the case including the proceedings in the Circuit Court of Appeals is furnished in compliance with Rule 38 of this Court.

The jurisdiction of this Court is invoked under Section 240(a) of the Judicial Code as amended by Act of February 13, 1925, c. 229 (28 U. S. Code, §347).

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*The *Crosley Corporation* v. *Hazeltine Corporation*, 122 F. (2d) 925; same case below, 38 F. Supp. 38.

Summary Statement of the Matter Involved

This is an action brought against petitioner, a patent owner, by respondent, an infringer, asking for a declaratory judgment as to the validity of patents owned by petitioner and as to the infringement of these patents by respondent. This action was filed in the District of Delaware, petitioner being a corporation of Delaware, and the controversy on which it was predicated arose because petitioner notified respondent of its infringement.

Seventeen days after the filing of the declaratory judgment action, petitioner brought executory patent actions under Section 48 of the Judicial Code* in the customary form, in Cincinnati, where respondent has its office and factory and committed the infringement. In these actions petitioner asked for an injunction against further infringement and an accounting of profits and damages arising from past infringements.

Petitioner also filed an answer in the declaratory action denying that respondent was entitled to declaratory relief.

Respondent thereupon moved in the declaratory action for an injunction restraining prosecution of the executory patent actions in Cincinnati. This was denied by the trial court which held that there was nothing in the Declaratory Judgment Act which deprived the patentee of his traditional remedy for infringement upon the mere filing of a petition for declaratory judgment; and that the facts in the instant case did not warrant an injunction against prosecuting the executory actions.

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*Sec. 48. (U. S. C., title 28, sec. 109). In suits brought for the infringement of letters patent the district courts of the United States shall have jurisdiction, in law or in equity, in the district of which the defendant is an inhabitant, or in any district in which the defendant, whether a person, partnership, or corporation, shall have committed acts of infringement and have a regular and established place of business. * * *.

The Court of Appeals reversed, holding that the parties and issues being the same, the mere fact that the declaratory action was filed first made it an abuse of discretion to refuse to enjoin prosecution of the later suits. It held,

> "When the district court of the domicile of a patent owner has been asked by an infringer to determine by declaratory judgment the issues of the patent's validity and infringement, it would neutralize the beneficial effect of the Declaratory Judgment Act as well as impose an unwarranted burden upon the federal judiciary, to permit the patent owner thereafter to prosecute infringement suits in other district courts against the same infringer."

The Court of Appeals reiterated this view in the recent case of *Triangle, etc. Co.* v. *National, etc. Corp.*, decided November 19, 1941 (51 U. S. P. Q. 425, Appendix, p. 16).*

The Questions Presented

1. Should it become a rule of law that an injunction *must* be granted restraining the prosecution of an executory action merely because that action is filed later than a petition for declaratory judgment between the same parties involving the same issues?

2. More specifically, should it become a rule of law that the prosecution of an executory action for patent infringement, filed under Section 48 of the Judicial Code

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*In the *Triangle case* the court, although adhering to the general rule announced by it in the instant case, refused an injunction because the parties and issues were different in the declaratory and executory actions. On December 17, 1941, it granted rehearing as to whether the injunction should have been refused.

in the district in which the infringer committed acts of infringement and had its principal place of business, *must* be enjoined merely because a petition for declaratory judgment between the same parties involving the same issues was filed first?

3. Should it become a rule of law that a patent owner, who, under §4900 R. S.*, notifies an infringer of his infringement, and thus gives the infringer the opportunity contemplated by the statute to discontinue his infringement, does so only at the risk that the infringer, by hastily filing a petition for declaratory judgment, will deprive the patent owner of his important and valuable privilege, granted by Section 48 of the Judicial Code, of suing in the place where the infringement is being committed?

4. Did the denial of an injunction in the instant case constitute an abuse of discretion?

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*Sec. 4900 (U. S. C., title 35; sec. 49). It shall be the duty of all patentees and their assigns and legal representatives, and of all persons making or vending any patented article for or under them, to give sufficient notice to the public that the same is patented; either by fixing thereon the word "patent," together with the number of the patent, or when, from the character of the article, this can not be done, by fixing to it, or to the package wherein one or more of them is inclosed, a label containing the like notice: *Provided, however*, That with respect to any patent issued prior to April 1, 1927, it shall be sufficient to give such notice in the form following, viz.: "Patented," together with the day and year the patent was granted; and in any suit for infringement by the party failing so to mark, no damages shall be recovered by the plaintiff, except on proof that the defendant was duly notified of the infringement and continued, after such notice, to make, use, or vend the article so patented.

Reasons Relied on for the Granting of the Writ

1. The Court of Appeals has decided an important question of Federal law which has not been, but should be, settled by this Court, namely, the rule to be applied in determining whether a declaratory judgment action or an executory action is to take precedence.

The question is of general importance to non-patent cases as well as to patent cases. In so far as patent cases are concerned the decision resolves the apparent conflict between the rights of patent owners under Section 48 of the Judicial Code and the rights of accused infringers under the Declaratory Judgment Act.* It resolves this conflict by a rule so absolute and inflexible that, if it remains the law, it will seriously dislocate the orderly functioning of the patent system and will ultimately prejudice both infringers and patent owners by encouraging litigation rather than negotiation and settlement. This is so because the rule is so absolute that it will lead patent owners to discontinue attempts at negotiated settlement and discontinue the "notice of infringement" which alone enables the infringer to hastily ask for declaratory relief and thus deprive the patent owner of his privilege of suing in the district where the infringement is being committed.

2. There is conflict and confusion in the lower courts in both patent cases and non-patent cases as to whether they should give preference to a declaratory action where it is the first to be filed or should leave the parties to the usual executory action. The determination of the present question by this Court will settle this confusion.

U. S. Fidelity & Guaranty Co. v. *Koch*, 102 F. (2d) 288, C. C. A. 3 (1939);
American Automobile Insurance Co. v. *Freundt*, 103 F. (2d) 613, C. C. A. 7 (1939);

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*Judicial Code, Sec. 274d (U. S. C., title 28, sec. 400), see Appendix, p. 22.

Acticarbone Corp. v. *National Carbon Co., Inc.*, S. D. N. Y. (1936) (unreported, see appendix, p. 21);
Link-Belt Co. v. *Dorr Co., Inc.*, 15 F. Supp. 663, D. of Del. (1936);
New York Life Insurance Co. v. *Roe et al*, 102 F. (2d) 28, C. C. A. 8 (1939);
Silvray Lighting, Inc. v. *Versen*, 25 F. Supp. 223, S. D. N. Y. (1938);
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Creamery Package Mfg. Co. v. *Cherry-Burrell Corp.*, 115 F. (2d) 980, C. C. A. 3 (1940), 312 U. S. 709—cert. den.;
Aetna Casualty & Surety Co. v. *Quarles et al*, 92 F. (2d) 321, C. C. A. 4 (1937).

WHEREFORE, it is respectfully submitted that this petition for a writ of certiorari to the Circuit Court of Appeals for the Third Circuit should be granted.

WILLIAM H. DAVIS
R. MORTON ADAMS
Counsel for Petitioner

Dated: New York, N. Y., January 19, 1942.

BRIEF IN SUPPORT OF PETITION FOR WRIT OF CERTIORARI

Opinions of the Courts Below

The opinion of the United States District Court for the District of Delaware is reported in 38 F. Supp. 38. The opinion of the Circuit Court of Appeals for the Third Circuit is reported in 122 F. (2d) 925. Additionally, the opinion of the Circuit Court of Appeals appears at page 27 of the record.

Jurisdiction

The jurisdiction of this Court is invoked under Section 240(a) of the Judicial Code as amended by the Act of February 13, 1925, c. 229 (28 U. S. Code, §347). The decree of the Circuit Court of Appeals for the Third Circuit which petitioner seeks to have reviewed was entered September 11, 1941 (R. 35). Petition for rehearing was denied October 30, 1941 (R. 41).

Statement of the Case

The essential facts of the case for the purposes of this petition for a writ of certiorari are stated in the accompanying petition.

Specification of Errors

The errors which petitioner will urge if the writ of certiorari is issued, are that the Circuit Court of Appeals for the Third Circuit erred:

1. In holding that the mere fact that an executory patent suit is filed later than a petition for declaratory judg-

ment between the same parties and on the same patents makes it an abuse of discretion to refuse to enjoin the executory patent suit.

2. In failing to hold that the granting or denying of such an injunction should depend on all the facts and circumstances of the controversy and of the filing of the several actions whereby it is established whether the patent owner has proceeded in prompt and orderly fashion or whether the infringer has found it necessary to resort to declaratory relief in order to force an adjudication and whereby it is established whether there is greater equity and expedition in granting relief in the executory suit or the declaratory suit.

3. In failing to hold that the District Judge properly exercised his discretion in denying the injunction in the present case.

Summary of the Argument

The points of argument will follow the reasons relied upon for allowance of the writ of certiorari set forth in the foregoing Petition (*ante*, p. 5).

ARGUMENT

I.

The Circuit Court of Appeals has decided an important question of federal law which has not been, but should be, settled by this court.

Apart from its general importance as an absolute rule making the *mere* relative time of filing the test as whether one suit shall be enjoined in favor of another, the rule laid down in this case is important in patent cases because

it tends seriously to disrupt the orderly functioning of the patent system.

For many years, both patent owners and infringers alike, and all those familiar with the patent system, have considered it to be not only fair practice but essential to the proper working of that system that a patent owner give notice of infringement to an infringer before resorting to suit. This is recognized by the notice statute, R. S. §4900, U. S. Code, title 35, §49 (*ante*, p. 4). When such notice is given, an infringer who has unwittingly entered upon the infringement may discontinue infringement or may come to some license arrangement which recognizes the patent. The fact is (although it is not generally appreciated by those unfamiliar with the patent system) that most manufacturers desire to respect patents and do respect them and that it is only the exceptional case that gets beyond negotiation to the stage of litigation. The usual patent controversy follows this course: notice is given; the parties discuss the matter; infringement is discontinued or a license is agreed on. In those few cases where no agreement is possible the patent owner submits the matter to the courts for determination. As we shall point out, a consequence of the present decision of the Third Circuit Court of Appeals will be to disrupt this orderly functioning of the patent system by leading patent owners to discontinue sending notice to infringers and leading them instead to bring suit without warning.

This flows from the fact that, over a period of many years, it has been found to be important that, if the matter is to be litigated, the patent owner be permitted to litigate it in a district where the infringement has been committed. It is usually in this district that the facts are most readily available and that an injunction can be most readily enforced. In recognition of the importance of this procedure, the Judicial Code (Sec. 48, U. S. Code, title 28, Sec. 109, *ante*, p. 2) in 1897, conferred this privilege on patent own-

ers. It is obvious that, in cases where the infringer would like to harass the patent owner, the infringer will attempt to deprive the patent owner of this privilege and prevent suit in the district where the infringer is operating. This is accomplished by hastily filing a petition for declaratory judgment in another district before the patent owner begins a patent suit in the district of infringement. But this is possible only because the patent owner has notified the infringer of his infringement. Otherwise, there would be no controversy and no possibility of declaratory judgment.

If the rule be that a patent owner can preserve his right given by section 48 of the Judicial Code to litigate the matter in the district of his choice by filing suit promptly after notice and failure of negotiations and further, if the question whether he has proceeded in such prompt and orderly fashion as to preserve his right is to be determined on all the facts and circumstances, the patent owner will continue to notify infringers, confident that the mere hasty filing of a declaratory judgment action by the notified infringer will not bar the patent owners' right to proceed in the usual manner. However, if it becomes the law that *mere filing* of a petition for declaratory judgment precludes the patent owner from suing in the district of his choice, patent owners will realize that a race for jurisdiction has been created, and will sue before giving any notice. In doing this, they will not be able to distinguish those infringers who might resort to such harassing tactics, but will have to sue all infringers indiscriminately. Bringing suits without notice will necessarily create an atmosphere of mutual distrust conducive to continuing litigation rather than to orderly settlement. It is thus that the rule laid down by the Third Circuit Court of Appeals tends seriously to disrupt the functioning of the patent system.

An absolute rule such as that laid down by the Third Circuit Court of Appeals is not necessary to the preservation of the salutary purposes of the Declaratory Judgment

Act. When the Declaratory Judgment Act was passed, it was universally welcomed as an effective means whereby an innocent infringer could prevent abuse of the patent system by those patent owners who harassed infringers by threatening suit but refusing to sue. Welcome though that Act is, there has been, unfortunately, a deplorable tendency for some infringers to pervert the salutary purposes of the Act and to use it, as we have said, to harass the patent owner, to delay his recovery and defeat his important privilege of trying the issue in the district where the infringement was committed. Sometimes this is done by hastily filing a petition for declaratory judgment as soon as notice is received, sometimes by a surprise petition filed in the midst of negotiations, and sometimes, as here, by a surprise petition while parties are in the midst of other litigation. In any case the infringer brings the action in a district which the infringer considers beneficial to it, and considers detrimental and harassing and delaying to the patent owner. The Declaratory Judgment Act thus becomes a device for "procedural fencing."*

In the present case respondent was notified of its infringement by petitioner and, negotiations being fruitless, litigation became necessary. Respondent was infringing twenty-two patents but petitioner, believing suit on one invention would be determinative of the controversy and that suit on twenty-two patents would be burdensome to the court and to both parties, sued on two patents which covered one development. This suit was brought under Sec. 48 of the Judicial Code in the district where the infringement was being committed and where respondent had its principal place of business. Respondent had opportunity to bring in the other patents by counter-claim, the others having been included in the notice of infringement,

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**American Automobile Insurance Co.* v. *Freundt,* 103 F. (2d) 613, C. C. A. 7, (1939).

but for over seven months respondent led petitioner to believe that it concurred in the procedure of suing on only one development—respondent joined issue, tried and submitted the case without in any way suggesting that it desired the other patents to be litigated. Suddenly, without notice to petitioner and while the litigation was pending, it filed suit for declaratory judgment in another jurisdiction, namely, the instant suit. Plaintiff thereby learning that respondent desired to contest the other patents, brought separate suits within seventeen days in the district where the first suit was already pending, namely, where the infringement was being committed. Respondent, however, moved to enjoin these suits. This conduct of respondent's, we think, is rightly termed "procedural fencing".

Such procedural fencing is stimulated and encouraged by a decision such as the present one which in effect creates a "race for jurisdiction." It would indeed be unfortunate if this Act, designed to promote stability in judicial determination were to be made available as an instrument of oppression by a rule such as that announced by the Third Circuit Court of Appeals which rule is made absolute when it need not be. Yet, that is the necessary consequence.

There is no need, we think, for departing from the usual rule relating to enjoining one suit in favor of another, namely, that the granting or withholding of the injunction depends on *all* the facts and circumstances. Certainly a rule so at variance with the usual rule and having such consequences should not be adopted except after full consideration by this Court.

II.

There is conflict and confusion in the lower courts in non-patent cases as well as patent cases as to whether they should give preference to a declaratory action where it is the first to be filed or should leave the parties to the usual executory action.

In *U. S. Fidelity & Guaranty Co.* v. *Koch,* 102 F. (2d) 288, C. C. A. 3 (1939), the Court stated in an insurance case that the propriety of dismissing the declaratory judgment action in a case where the executory action was filed subsequently was "a close question. Courts have viewed it differently, * * *. Writers also are not agreed. * * *"

In *American Automobile Insurance Co.* v. *Freundt,* 103 F. (2d) 613, C. C. A. 7 (1939), in an insurance case, the Court affirmed an order dismissing the declaratory judgment action and held,

> "The wholesome purposes of declaratory acts would be aborted by its use as an instrument of procedural fencing either to secure delay or to choose a forum."

In *Acticarbone Corp.* v. *National Carbon Co., Inc.,* Southern District of New York, June 30, 1936 (unreported, see appendix, p. 21), a patent infringement suit was filed subsequent to the filing of a petition for declaratory judgment, and the court held,

> "I have concluded, in the exercise of discretion, to dismiss the petition and its amendments, and require the controversies to be presented in the suit in which respondent is complainant [the subsequent executory suit]."

In *Link-Belt Co.* v. *Dorr Co., Inc.,* 15 F. Supp. 663, District of Delaware (1936), the District Court refused to

enjoin a subsequently filed patent infringement suit on the ground that the declaratory judgment action

> "does not deprive a patent owner of his right to sue in the district of which a defendant is an inhabitant,"

and on the further ground that,

> "entertaining a declaratory judgment suit is within the discretion of the court. In the infringement suit in Illinois complete relief may be afforded by injunction and accounting. No such relief can be afforded in this declaratory judgment suit."

However, in *Silvray Lighting, Inc.* v. *Versen,* 25 F. Supp. 223, Southern District of New York (1938), the Court was asked to dismiss a declaratory judgment action on the ground that it was preferable to try the issues in a patent infringement suit even though later filed. The Court refused to dismiss the declaratory judgment action and held that,

> "Suit for declaratory judgment is of equal dignity to suit for patent infringement."

In *New York Life Insurance Co.* v. *Roe et al,* 102 F. (2d) 28, C. C. A. 8 (1939), the Court, in an insurance case, reversed an order dismissing the declaratory judgment action, but refused to enjoin the prosecution of subsequently filed suits.

In *Milwaukee Gas Specialty Co.* v. *Mercoid Corp.,* 104 F. (2d) 589, C. C. A. 7 (1939), the Court under unusual circumstances held that a declaratory judgment action should proceed and a subsequently filed patent infringement action should be enjoined.

In *Creamery Package Mfg. Co.* v. *Cherry-Burrell Corp.,* 115 F. (2d) 980, C. C. A. 3 (1940), the District Court had dismissed the declaratory judgment action on the ground that it was prematurely filed before the patent owner had

had a fair opportunity to submit the controversy to adjudication and that to permit the declaratory judgment action would be inequitable. The Court of Appeals did not discuss the alleged inequitable conduct, but reversed on the ground that,

> "The defendants are not entitled as of right to an adjudication of the issues by the District Court of Illinois rather than the District Court of Delaware."

In *Aetna Casualty & Surety Co.* v. *Quarles et al*, 92 F. (2d) 321, C. C. A. 4 (1937), the Court in an insurance case dismissed a suit for declaratory judgment leaving the parties to executory actions and holding that the trial court was not obliged to give piece-meal declaration.

Conclusion

It is urged therefore that the petition for writ of certiorari be granted.

Respectfully submitted,

WILLIAM H. DAVIS
R. MORTON ADAMS
Counsel for Petitioner.

APPENDIX

IN THE

UNITED STATES CIRCUIT COURT OF APPEALS,

FOR THE THIRD CIRCUIT.

No. 7779. October Term, 1941.

TRIANGLE CONDUIT & CABLE CO., INC.,
Appellant,

v.

NATIONAL ELECTRIC PRODUCTS CORPORATION.

ON APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES FOR THE DISTRICT OF DELAWARE.

Opinion.

(Filed November 19, 1941.)

Before BIGGS, MARIS and GOODRICH, Circuit Judges.

MARIS, *Circuit Judge.*

Triangle Conduit & Cable Co., Inc., is a Delaware corporation engaged in the manufacture of electric wire, conduits and cables. National Electric Products Corporation is a Delaware corporation which also manufactures electric wire and cable. It owns patents which relate to the construction of and methods and machines for making wires

and cables. On January 9, 1941 National formally notified Triangle that the latter was infringing 11 of the patents owned by National. On the same day it notified Sears, Roebuck & Company and M. B. Austin Company, customers of Triangle, that they were infringing seven of the same patents by reason of their sale of articles manufactured in disregard of National's patent rights.

On January 16, 1941 Triangle commenced an action in the District Court for the District of Delaware seeking a declaratory judgment as to the validity and infringement of the 11 patents specified in the notice to it. On February 3, 1941 National filed suit in the District Court for the Eastern District of Michigan against Triangle and Sears, Roebuck & Company, in which it sought a decree that Triangle had infringed by manufacturing, selling and using articles in violation of all patents specified in the notice to Triangle and involved in the declaratory judgment suit and that Sears, Roebuck & Company had infringed by reselling articles manufactured in violation of six of the seven patents specified in the notice to it. Triangle thereupon moved for an injunction to restrain National from Proceeding with the infringement suit until the District Court in Delaware had adjudicated the declaratory judgment suit. The court refused Triangle's motion for an injunction and now has pending before it for argument and disposition a motion by National to dismiss the declaratory judgment suit. This appeal is from the refusal to grant Triangle's motion for an injunction.

Triangle takes the position that the material facts and the question presented in the present case are identical with those in Crosley Corporation v. Hazeltine Corporation, [122] F. 2d [925], and that under the ruling in that case the district court was bound to enjoin the further prosecution of the infringement suit in the present case. In the Crosley

case we held that a United States district court which first obtained jurisdiction of the parties and issues had the power to enjoin the further prosecution of proceedings involving the same parties and issues begun thereafter in another United States district court. We further held that under the circumstances of that case [the parties and issues were the same] the court first obtaining jurisdiction abused its discretion in refusing to grant the injunction. Our conclusion was based upon that public policy which holds it to be undesirable, because of the economic waste and the adverse effect upon the prompt and efficient administration of justice which is involved, for two or more courts of equal dignity within the judicial system of a single sovereignty to be called upon to duplicate each other's work in adjudicating the same controversy between the same parties. It does not follow that we would have reached the same conclusion had the parties and issues in the two cases been different. The question would then arise whether there would be in fact a duplication of work by the two courts and even if there should be some duplication whether it was justified by the circumstances.

In the declaratory judgment suit now before us the district court in Delaware is called upon to determine whether Triangle manufactured, sold and used articles in violation of 11 patents owned by National and whether those patents are valid. In the later infringement suit the district court in Michigan is asked to determine the identical issues as to those parties. Up to this point there is a close resemblance between the facts now before us and those in the Crosley case. There are, however, present in the case at bar additional facts which deprive this resemblance of controlling significance. The task of the Delaware court will be over when it rules upon the validity and infringement of the 11 patents and adjudges what damages and profits, if

any, Triangle shall pay National.* The task of the Michigan court, on the other hand, will not have been accomplished until it has determined, in addition to the issues involved in the declaratory judgment suit, (1) whether the articles which Sears, Roebuck & Company resold, either purchased from Triangle or from any other non-licensed manufacturer, infringed the six patents relied upon by National, (2) whether National sustained any damage by reason of these sales, and (3) whether Sears, Roebuck & Company derived any profits from the resale of infringing articles. For it has long been settled that the cause of action which the owner of a patent has against one who infringes the patent by manufacture and sale is separate and distinct from the cause of action against one who resells the infringing product. The recovery of a judgment for damages against the former does not bar a suit to recover damages from the latter. Birdsell v. Shaliol, 112 U. S. 485; Sherman, Clay & Co. v. Searchlight Horn Co., 225 F. 497; Kryptok Co. v. Stead Lens Co., 190 F. 767.

Inasmuch as the cause of action against Sears, Roebuck & Company is not included in the declaratory judgment action before the Delaware court, it is clear that the Michigan court alone can dispose of the entire controversy presented in the suit pending before it. In a case of this kind the

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*The statutory right of an owner of a valid patent to recover damages and profits from an infringer is found in § 4921 Rev. Stat. (35 U. S. C. A. § 70) which provides ". . . upon a decree being rendered in any such case for an infringement the complainant shall be entitled to recover, in addition to the profits to be accounted for by the defendant, the damages the complainant has sustained thereby . . ." In Diamond Stone-Sawing Mach. Co. v. Brown, 166 F. 306, the court explained that "what the infringer makes is 'profits'; what the owner of the patem loses by such infringement is 'damages.'" This definition is quoted with approval by Mr. Justice Cardozo in Duplate Corp. v. Triplex Co., 298 U. S. 448, 451.

further question arises whether the cause of action asserted against the additional party in the infringement suit is bona fide or merely a colorable claim asserted against a relatively unimportant infringer in order to avoid the jurisdiction of the court having the declaratory judgment suit before it. In this case, however, it appears that National's cause of action against Sears, Roebuck & Company involves a real controversy with a very large infringer and is not a mere device designed to avoid the application of the rule of the Crosley case. We accordingly conclude that the district court in Delaware did not abuse its discretion in refusing to enjoin the prosecution of the infringement suit in Michigan.

One further matter may be mentioned. There is pending in the court below a motion by National to dismiss the declaratory judgment suit. It is well settled that the granting of declaratory relief is not mandatory but lies in the discretion of the court. This is a legal discretion, however, and it must not be exercised arbitrarily but rather in accordance with fixed principles of law. United States Fidelity & Guaranty Co. v. Koch, 102 F. 2d 288; Samuel Goldwyn, Inc. v. United Artists Corporation, 113 F. 2d 703. Where, as appears in this case, more comprehensive relief may be had in a suit subsequently brought in another court of competent jurisdiction the court, in the exercise of its discretion, may well conclude, at least at this preliminary stage of the declaratory action, that there is no further need for declaratory relief and accordingly dismiss the suit. This, however, is a matter for the court to decide when it comes to consider the pending motion.

The decree of the district court is affirmed.

Judge Biggs took no part in the consideration or decision of this case.

IN THE UNITED STATES DISTRICT COURT
FOR THE SOUTHERN DISTRICT OF NEW YORK

ACTICARBONE CORPORATION,

Petitioner,

vs.

NATIONAL CARBON COMPANY, INC.,

Respondent.

EQUITY No. 82-97

Opinion

(Decided June 30, 1936).

KNOX, *District Judge.*

The petition for a declaratory judgment, when filed, was clearly defective in that it did not factually allege the existence of an actual controversy between the parties. Such defect, so far as Patent No. 1,497,543 is concerned, has been cured by the amendments to the original petition, subsequently filed. Nevertheless, the defect in respect to Patent No. 1,497,544 continues. Furthermore, the Court's jurisdiction of the subject matter of the petition having to do with the unfair competition charged against the respondent, there being no diversity of citizenship between the litigants, is of an extremely doubtful character. Each of these shortcomings, if such they be, can be cured by appropriate amendment. However, since the filing of the original petition respondent has asserted the rights it claims against petitioner in an ordinary patent suit. In that action the disputes of the parties may be determined. Having regard for the fact that all the issues there to be tried will be actual, and wholly unincumbered by the presence of a number that may be merely academic, I have concluded, in the exercise of discretion, to dismiss the petitioner and its amendments, and require the controversies to be presented in the suit in which respondent is complainant. In this connection it may be observed that local equity rule No. 2 will be applicable to the infringement suit, if respondent should undertake to discontinue the same.

Declaratory Judgment Act

(Judicial Code, Sec. 274d; U. S. C., title 28, Sec. 400)

(1) In cases of actual controversy except with respect to Federal taxes the courts of the United States shall have power upon petition, declaration, complaint, or other appropriate pleadings to declare rights and other legal relations of any interested party petitioning for such declaration, whether or not further relief is or could be prayed, and such declaration shall have the force and effect of a final judgment or decree and be reviewable as such.

(2) Further relief based on a declaratory judgment or decree may be granted whenever necessary or proper. The application shall be by petition to a court having jurisdiction to grant the relief. If the application be deemed sufficient, the court shall, on reasonable notice, require any adverse party, whose rights have been adjudicated by the declaration, to show cause why further relief should not be granted forthwith.

(3) When a declaration of right or the granting of further relief based thereon shall involve the determination of issues of fact triable by a jury, such issues may be submitted to a jury in the form of interrogatories, with proper instructions by the court, whether a general verdict be required or not.

FEB 10 1942

IN THE

Supreme Court of the United States

October Term, 1941

No. 692

HARRIGAN CORPORATION,
Petitioner,

vs.

THE GERMANY CORPORATION,
Respondent.

BRIEF FOR RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

[redacted], Jr.,
Counsel for Respondent.

[redacted],
of Counsel.

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IN THE

Supreme Court of the United States

October Term, 1941

No. 892

HAZELTINE CORPORATION,
Petitioner,
vs.
THE CROSLEY CORPORATION,
Respondent.

BRIEF FOR RESPONDENT IN OPPOSITION TO PETITION FOR WRIT OF CERTIORARI

The petition in this case presents no ground warranting its grant.

There is no diversity of opinion between Circuit Courts of Appeals on the single, simple question involved. To the contrary, there is unanimity of opinion by the three Circuit Courts of Appeals that have considered the matter.[1]

In addition, petitioner's statement of the facts of the case is quite incomplete, and, because thereof, is quite misleading. Accordingly, it is believed that a complete restatement thereof is necessary.

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[1] The present case, viz: *Crosley Corp.* v. *Hazeltine Corp.*, 122 F. (2d) 925, C. C. A. 3; *Milwaukee Gas Specialty Co.* v. *Mercoid Corp.*, 104 F. (2d) 589, C. C. A. 7th; *E. W. Bliss Co.* v. *Cold Metal Process Co.*, 102 F. (2d) 105, C. C. A. 6th.

Statement of the Case.

1. Petitioner, Hazeltine Corporation, is a patent holding company, the sole business of which is to acquire and own patents (of which it owns hundreds) with which it levies tribute from radio receiving set manufacturers in the form of royalties under license agreements, said royalties constituting its sole income.[2]

2. The litigious history of Petitioner since 1934 shows that its policy has been to subject radio receiver manufacturers (who refused to accept such a patent license) to a vigorously prosecuted campaign of intimidating and harassing patent threat and patent litigation.[3] Such litigation as was actually instituted took the form of (1) subjecting the manufacturer to a number of patent suits, each confined to one or two patents, which suits would be individually brought up and tried, one at a time, over a period of years, so as to keep the manufacturer—continuously and for years—under constant pressure, harassment and expense of patent litigation;[4] (2) subjecting customers of the manufacturer to patent infringement suit in jurisdictions far distant from that of the manufacturer, thereby subjecting the

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[2] *Detrola Radio & Television Corp.* v. *Hazeltine Corp.*, 313 U. S. 259.

[3] *Hazeltine* v. *Abrams*, D. C. E. D. N. Y., 7 F. Supp. 908, affirmed C. C. A. 2nd, 79 F. (2d) 329; *Hazeltine* v. *REB Service Corp.*, D. C., E. D. N. Y., 8 F. Supp. 100; *Hazeltine* v. *General Electric Co.*, D. C., Md., 19 F. Supp. 898; *Hazeltine* v. *Detrola*, 117 F. (2d) 238, C. C. A. 6th, reversed 313 U. S. 259; *Hazeltine* v. *General Motors*, D. C., Del., 38 F. Supp. 880; *Hazeltine* v. *Crosley Corp.*, D. C., Ohio, 39 F. Supp. 775; *Hazeltine* v. *Emerson*, D. C., E. D. N. Y., 41 F. Supp. 800.

[4] See Crews affidavit, R. 8; Binns affidavit, R. 20; *Hazeltine* v. *Abrams* (Emerson), 7 F. Supp. 908, decided August 6, 1934; *Hazeltine* v. *Emerson*, 41 F. Supp. 800, decided October 6, 1941, suit filed August 15, 1934; *Detrola* v. *Hazeltine*, 313 U. S. 259. There is still pending another Hazeltine suit against Detrola in the Eastern District Court of Michigan, Equity No. 7967, instituted February 27, 1937, and not yet brought to trial.

manufacturer to the additional expense incident to being compelled to defend his customer far from his home jurisdiction, and at the same time suffer the possible loss of his customer's business because of the well known reluctance of trades-people to become involved in expensive patent litigation;[5] and (3) simultaneously subjecting a large number of customers of the manufacturer to patent suits to thereby impose upon the manufacturer the great expense incident to simultaneously defending a large number of customers, as well as the necessity of meeting and counteracting the commercial effect of such harassment and attempted intimidation of the manufacturer's commercial outlets.[6]

3. The obvious purpose of Petitioner's policy was to subject radio receiver manufacturers, who refused to pay Petitioner patent tribute, to such continuous and widespread intimidating and harassing threat, litigation and expense, that the manufacturer, faced with the inconvenience, expense, loss of sales outlets, or for the sake of peace, would be forced to accept the yoke of a tribute-paying license regardless of whether or not petitioner's patents were valid

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[5] See Crews affidavit, R. 8; *Hazeltine* v. *Abrams,* D. C., E. D. N. Y., 7 F. Supp. 908, affirmed C. C. A. 2nd, 79 F. (2d) 329; *Hazeltine* v. *REB Service Corp.,* D. C., E. D. N. Y., 8 F. Supp. 100.

[6] *Hazeltine* v. *Atwater Kent Mfg. Co.,* 34 F. (2d) 50. In this case the District Court for the Eastern District of Pennsylvania said (at p. 51):

> "The plaintiff, however, has brought 26 suits in New York against sellers of the patented thing and intends at once to bring other suits in large number. The inevitable consequence has been and will be to play havoc with the whole business of the defendant by creating a panic among its patrons and customers so that they will be deterred from buying anything of the defendant."

or the alleged inventions thereof were being utilized,[7] and despite the fact that in *every* case that adjudication has been had since 1934, Petitioner's patents have either been held to be invalid or not infringed.[8]

4. The utilization of patents in the manner and for the purpose for which Petitioner has used them has long been recognized, and recently judicially characterized, as a patent "racket".[9] Until the Declaratory Judgment Act was enacted, the manufacturer had no protection from the patent racketeer unless a suit had been brought against the manufacturer, and even then the only available remedy was by appeal to the Court *in that suit* under general principles of equity. Such appeals to the Courts by an alleged wrong doer usually fared badly.[10]

With the enactment of the Declaratory Judgment Act, however, the situation was changed. As was stated by the

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[7] The standard license agreement of Petitioner granted a license to each licensee under *all* of the hundreds of patents owned by Petitioner, upon payment of but a single royalty on each receiver manufactured (*Detrola* v. *Hazeltine,* 313 U. S. 259). By this device it was made impractical, if not impossible, for the licensee to avoid royalty payment on *every* receiver manufactured because to do so every claim of hundreds of patents would require analysis and legal interpretation with respect to *each* different receiver manufactured.

[8] *Hazeltine* v. *Abrams,* 7 F. Supp. 908; affirmed C. C. A. 2nd, 79 F. (2d) 329; *Hazeltine* v. *REB Service Corp.,* D. C., E. D. N. Y., 8 F. Supp. 100; *Detrola* v. *Hazeltine,* 313 U. S. 259; *Hazeltine* v. *General Motors,* D. C., Del., 38 F. Supp. 880; *Hazeltine* v. *Crosley,* D. C., Ohio, 39 F. Supp. 775; *Hazeltine* v. *Emerson,* D. C., S. D. N. Y., 41 F. Supp. 800.

[9] *Lances* v. *Letz,* 115 F. (2d) 916, 917, C. C. A. 2nd.

[10] See, for example, *Hazeltine Corp.* v. *Atwater Kent Mfg. Co.,* 34 F. (2d) 50, D. C., E. D., Pa. In that case, as appears from the opinion, although Petitioner had brought separate suits against twenty-six customers of the defendant before the Court, the injunction sought by the defendant to restrain Petitioner from such "inequitable" tactics, indulged in for "in *terrorem* purpose", was denied.

Court of Appeals for the Sixth Circuit in *E. W. Bliss* v. *Cold Metal Process Co.*, 102 F. (2d) 105, at page 109:

> "One of the purposes of the act was to provide a remedy to the challenger of a right the assertion of which injures him, yet who prior to the enactment of the statute was unable to secure an adjudication of his challenge until his adversary took the initiative."

5. In an exceptionally short time thereafter, the beneficial effect of the Act on the patent "racket" was so great as to be accorded published comment by Professor Borchard, as well as judicial notice. Thus, the Court of Appeals for the Second Circuit in *Lances* v. *Letz*, 115 F. (2d) 916, said (at p. 917):

> "One of the situations where the declaratory judgment is most helpful is that of patent litigation where a threat of suit for infringement has been made and not pressed for the attention of a court. 'This has had a most beneficial effect in curing what had become a racket. For patentees, none too sure of the validity of their patents, had often notified customers or licensees of their rivals or competitors of their intention to bring suit against all who dealt in the product in question.' Borchard, Declaratory Judgments, 9 Brooklyn L. Rev. 1, 30, 1939; cf. Leach v. Ross Heater & Mfg. Co., 2 Cir., 104 F. 2d 88, 91; E. I. DuPont DeNemours & Co. v. Byrnes, 2 Cir., 101 F. 2d 14; Zenie Bros. v. Miskend, D. C. S. D. N. Y., 10 F. Supp. 779; Mitchell v. Weber, Inc. v. Williamsbridge Mills, D. C. S. D. N. Y., 14 F. Supp. 954; 45 Yale L. J. 160, 1935, 1287, 1936."

6. Respondent is a radio receiver manufacturer, and is thoroughly conversant with the patent policy and litigious history of Petitioner.

7. On December 8, 1939, Petitioner, in writing, formally charged Respondent with infringing twenty-two of Petitioner's patents by the manufacture and sale of Respondent's radio receivers.

8. Convinced that its products did not infringe any valid patent of Petitioner, Respondent continued the manufacture and sale of its challenged radio receivers, whereupon, on May 15, 1940, Petitioner instituted patent infringement suit against Respondent on *two* of these twenty-two patents, in the United States District Court for the Southern District of Ohio, Western Division.[11]

9. Because Petitioner took no action with respect to the remaining *twenty* patents for more than a year after the infringement notice, and not being willing to wait "until his adversary should see fit to begin suit, after damage had accrued",[12] Respondent, on January 13, 1941, instituted the present suit in the jurisdiction of Petitioner's domicile, seeking a declaratory judgment as to the validity and infringement of those twenty patents which were still held over Respondent by Petitioner as a continuing threat.

10. Instead of filing a counterclaim for infringement of the twenty patents under the provisions of Rule 13(a) of the Rules of Civil Procedure,[13] which should have been

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[11] This suit was tried and resulted in a dismissal of the complaint because of non-infringement, without passing on the issues of validity involved. *Hazeltine* v. *Crosley*, 39 F. Supp. 775. The case is now pending in the Sixth Circuit Court of Appeals.

[12] *E. Edelmann & Co.* v. *Triple-A Specialty Co.*, 88 F. (2d) 852, 854, C. C. A. 7th.

[13] Rule 13(a) of the Rules of Civil Procedure reads:

> "COMPULSORY COUNTERCLAIMS. A pleading shall state as a counterclaim any claim, not the subject of a pending action, which at the time of filing the pleading the pleader has against any opposing party, if it arises out of the transaction or occurrence that is the subject matter of the opposing party's claim and does not require for its adjudication the presence of third parties of whom the Court cannot acquire jurisdiction."

mandatory if the original charge of infringement and threat of suit had been made in good faith, Petitioner, on January 30, 1941—*seventeen days after the filing of the complaint in this cause*—filed nine suits against Respondent in the District Court for the Southern District of Ohio, Western Division, charging infringement of fifteen of the twenty patents; and on February 3, 1941 Petitioner's answer was filed in the present cause with no counterclaim charging infringement of *any* of the patents.

11. On February 3, 1941, Respondent filed a motion in the present suit asking for an injunction restraining the Petitioner from prosecuting the nine suits in Ohio (R. 5). The motion was based on the obvious impropriety of permitting the prosecution of those nine suits in Ohio until after an adjudication of validity and infringement of the same patents there asserted, had been received in the present case.

12. On April 15, 1941, the District Court of Delaware denied Respondent the injunction it sought.[14]

13. An appeal was taken by Respondent, and the Third Circuit Court of Appeals below filed its opinion on September 11, 1941, reversing the District Court and ordering the injunction to issue.[15]

Argument.

On the foregoing statement of the case, it is believed that no extensive argument is necessary to show the utter want of merit in the petition for writ of certiorari, and the complete absence of any ground which would warrant its grant.

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[14] *The Crosley Corp.* v. *Hazeltine Corp.*, 38 F. Supp. 38.

[15] *The Crosley Corp.* v. *Hazeltine Corp.*, 122 F. (2d) 925, C. C. A. 3rd.

On the bare merits of the matter, it would be extremely difficult, and certainly unnecessary, to add to the opinion of the Court of Appeals below, which exhibits a painstaking study and analysis of the law, and a clear statement of the reasons for its applicability to the facts of the present cause.

The petition apparently predicates its plea for allowance on three major contentions, namely:

(1) The repeated characterization of the filing of the present declaratory judgment suit by Respondent as a "hasty" action which, because of its alleged haste, should be vitiated (*e. g.* Brief p. 10);

(2) The asserted utilization of the Declaratory Judgment Act by an alleged infringer for "procedural fencing" so as to deprive a patent owner of his "important privilege of trying the issue in the district where the infringement was committed" (*e. g.* Brief pp. 12, 11); and

(3) An asserted utilization, by an alleged infringer, of the Declaratory Judgment Act "as an instrument of oppression" with which "to harass the patent owner" (*e. g.* Brief pp. 12, 11).

1. The first of these contentions at once will be seen to be quite absurd in view of the fact that Petitioner's notice of infringement was sent to Respondent on December 8, 1939, and the present suit under the Declaratory Judgment Act was not filed until January 13, 1941—*more than a year thereafter*—throughout which period of time Petitioner took no steps to adjudicate its claim on its twenty patents, and brazenly admits in its argument (p. 11) that the suit which *was* initiated in Ohio on May 15, 1940, was confined to but *two* of the patents in the hope (subsequently dissipated by the decree of the Ohio Court in that case) that these two

patents, alone, would be sufficient to bring Respondent to its knees in abject surrender. The inevitable result of such reasoning is that it now becomes a certainty that it was the *deliberate* purpose of Petitioner to hold the other twenty patents over the head of Respondent as a number of intimidating clubs, to be separately and successively wielded against Respondent at Petitioner's whim, when and where Petitioner decided.

2. The second contention is also quite specious, and was effectively answered by the Court of Appeals below in the following language (R. 34):

> "Certainly, the defendant cannot be heard to complain that the suit has been brought in the District of its domicile rather than in the District where the plaintiff is located."

It should be noted that the present declaratory judgment suit was instituted in Delaware (the State of Petitioner's domicile) not as a matter of choice or election, but because that was the *only* place where jurisdiction over Petitioner could be secured.

3. The third argument advanced by the petitioner requires no comment beyond pointing out that it is an outstanding example of Hitlerian logic, with which we have become increasingly familiar in recent years. Petitioner, with an oppressive litigious history which, it is believed, has not been equalled in patent history, wailingly complains that it, a patent owner, is being attacked and harassed by a big, bad infringer—and this solely because the alleged infringer has availed itself of a legislative remedy created and designed to curb the vicious practice, policy, and use of patent rights which Petitioner has indulged in, and which, abstractly, has already been judicially characterized as a "racket".

Conclusion.

The petition should be denied.

Respectfully submitted,

SAMUEL E. DARBY, JR.,
Counsel for Respondent.

FLOYD H. CREWS,
of Counsel.

[2098]

LAWYERS PRESS, INC., 165 William St., N. Y. C.; 'Phone: BEekman 3-2300

FEB 12 1942
CHARLES ELMORE CROPLEY
CLERK

IN THE

Supreme Court of the United States

OCTOBER TERM, 1941.

No. 892

HAZELTINE CORPORATION,
Petitioner,

vs.

THE CROSLEY CORPORATION,
Respondent.

REPLY BRIEF FOR PETITIONER

WILLIAM H. DAVIS
R. MORTON ADAMS
Counsel for Petitioner

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IN THE

Supreme Court of the United States

OCTOBER TERM, 1941

No. 892

HAZELTINE CORPORATION,

Petitioner,

vs.

THE CROSLEY CORPORATION,

Respondent.

REPLY BRIEF FOR PETITIONER

Respondent's brief does not touch upon the main point of the petition, namely, that the inflexibility of the rule sought to be reviewed threatens to disrupt the patent system, is not necessary in order to preserve the benefits of the Declaratory Judgment Act, runs counter to the long established rule as to the granting of injunctions, and being a matter of general importance, should not become the law without full consideration by this Court.

Respondent does not comment on the numerous cases which are cited in the petition to show the existence of confusion on the matter.

Respondent discusses the detailed facts of the case. But these facts were not the basis of the Court's decision.

The present petition, indeed, is based on the refusal of the Court to ground its decision on the facts. Respondent's discussion of the facts is only a partial discussion with unwarranted emphasis and inference. Petitioner is not guilty of any bad faith, but it thinks that respondent is when it goes out of its own district and circuit to bring an action which it could more easily have filed as a counter-claim in litigation already pending in its own district; particularly when respondent waited over a year to file the action and thereby lead petitioner to believe that respondent did not want to litigate the matter.

Any rule as to whether an injunction should issue should make provision for considering facts such as these, not merely the fact as to which action was filed first, which is the rule laid down by the Court below in the instant case and reiterated by it in the case of *Triangle Conduit and Cable Co., Inc.*, v. *National Electric Products Corporation*, 51 U. S. P. Q. 425 (opinion printed in full in appendix to petition). Since we filed our petition the Court in the Triangle case sitting *en banc* rendered another opinion on February 10, 1942, the first opinion having been withdrawn. A copy is appended hereto.

CONCLUSION

It is submitted that the petition presents a matter of importance as to which there is confusion in the decided cases. The petition should therefore be granted.

Respectfully submitted,

WILLIAM H. DAVIS,
R. MORTON ADAMS,
Counsel for Petitioner.

APPENDIX

IN THE

UNITED STATES CIRCUIT COURT OF APPEALS,

FOR THE THIRD CIRCUIT

No. 7779. October Term, 1941

TRIANGLE CONDUIT & CABLE CO., INC.,
Appellant,

v.

NATIONAL ELECTRIC PRODUCTS CORPORATION.

ON APPEAL FROM THE DISTRICT COURT OF THE UNITED STATES FOR THE DISTRICT OF DELAWARE.

Opinion

(Filed February 10, 1942)

Before BIGGS, MARIS, CLARK, JONES and GOODRICH, *Circuit Judges.*

MARIS, *Circuit Judge.*

Triangle Conduit & Cable Co., Inc., is a Delaware corporation engaged in the manufacture of electric wire, conduits and cables. National Electric Products Corporation is a Delaware corporation which also manufactures electric wire and cable. It owns patents which relate to the construction of and methods and machines for making wires and cables. On January 9, 1941 National formally notified

Triangle that the latter was infringing 11 of the patents owned by National. On the same day it notified Sears, Roebuck & Company and M. B. Austin Company, customers of Triangle, that they were infringing seven of the same patents by reason of their sale of articles manufactured in disregard of National's patent rights.

On January 16, 1941 Triangle commenced an action in the District Court for the District of Delaware seeking a declaratory judgment as to the validity and infringement of the 11 patents specified in the notice to it. On February 3, 1941 National filed suit in the District Court for the Eastern District of Michigan against Triangle and Sears, Roebuck & Company, in which it sought a decree that Triangle had infringed by manufacturing, selling and using articles in violation of all patents specified in the notice to Triangle and involved in the declaratory judgment suit and that Sears, Roebuck & Company had infringed by reselling articles manufactured in violation of six of the seven patents specified in the notice to it. Triangle thereupon moved for an injunction to restrain National from proceeding with the infringement suit until the District Court in Delaware had adjudicated the declaratory judgment suit. The court refused the motion and this appeal followed.

Triangle urges that the material facts and the question presented in the present case are identical with those in Crosley Corporation v. Hazeltine Corporation, 122 F. 2d 925, and that under the ruling in that case the district court was bound to enjoin the further prosecution of the infringement suit in the present case. In the Crosley case we held that a United States district court which first obtained jurisdiction of the parties and issues had the power to enjoin the further prosecution of proceedings involving the same parties and issues begun thereafter in another United States district court. We further held that under the circumstances of that case it was the duty of the court first obtaining jurisdiction to enjoin the prosecution of the subsequent proceedings in the other court. As we have seen

in the present case the district court in Delaware first obtained jurisdiction of Triangle and National and of the controversy between them. Having taken jurisdiction of the declaratory suit brought by Triangle it became the duty of that court to adjudicate the controversy. The rule which we announced in the Crosley case required it to restrain the parties from seeking to have the district court in Michigan duplicate that adjudication.

It is National's contention that the present case is distinguishable from the Crosley case by reason of the fact that National's infringement suit in Michigan was not brought against Triangle alone but that Sears, Roebuck & Company was joined as a defendant therein. We think, however, that the applicability of the rule of the Crosley case does not depend on whether or not in the subsequent infringement suit a reselling customer is joined as an additional defendant pursuant to the broad authority for the joinder of parties and causes of action conferred by Civil Procedure Rules 18 and 20. For it has long been settled that the cause of action of a patent owner against an infringing manufacturer is wholly separate and distinct from his cause of action against one who resells the infringing product. The recovery of a judgment for damages against the manufacturer does not bar a suit to recover damages from his customer who resells. Birdsell v. Shaliol, 112 U.S. 485; Sherman, Clay & Co. v. Searchlight Horn Co., 225 F. 497 (C.C.A. 9, 1915); Kryptok Co. v. Stead Lens Co., 190 F. 767 (C.C.A. 8, 1911).

Civil Procedure Rule 21 permits any claim against a party to be severed and proceeded with separately. Consequently even though National is enjoined from proceeding against Triangle it is fully empowered to sever its separate cause of action against Sears, Roebuck & Company and to proceed with the prosecution of that cause of action alone. Whether National does so is of no concern to Triangle or to the district court in Delaware unless the prosecution of that cause of action can be shown to be a means of unfair com-

petition with Triangle. But the prosecution of National's independent cause of action against Sears, Roebuck & Company may not be made the basis for transferring the adjudication of the controversy between Triangle and National from the district court in Delaware which first assumed jurisdiction of it to the district court in Michigan to which National subsequently sought to take it. Regardless of the presence of the cause of action against Sears, Roebuck & Company in the infringement suit in the Eastern District of Michigan it was the duty of the court below to enjoin National from proceeding with the cause of action stated in that suit against Triangle until after the present declaratory judgment action has been decided. We are satisfied that if we were to hold otherwise the salutary rule laid down in the Crosley case would be largely nullified.

Judge Biggs, who sat as a member of this court at both the hearing and rehearing of this case, has called to our attention the fact that on February 4, 1941, while sitting by special assignment in the court below, he heard a motion by the defendant in this case for an enlargement of its time to plead in response to the complaint and thereupon entered an order granting the extension of time requested. The motion was not opposed by the plaintiff and the question of the extension of time to plead is not involved in the present appeal from the refusal of the plaintiff's motion for an interlocutory injunction. The judges of this court are all of the opinion that under these circumstances Judge Biggs is not disqualified under the provisions of Section 120 of the Judicial Code (28 U.S.C.A. § 216) from sitting in this court on the hearing and decision of this case. Rexford v. Brunswick-Balke-Collender Co., 228 U.S. 339; Delaney v. United States, 263 U.S. 586.

The decree of the district court is reversed and the cause is remanded for further proceedings not inconsistent with this opinion.

IN THE

Supreme Court of the United States

OCTOBER TERM, 1941

No. 892

HAZELTINE CORPORATION,
Petitioner,

vs.

THE CROSLEY CORPORATION,
Respondent.

PETITION FOR REHEARING

WILLIAM H. DAVIS
R. MORTON ADAMS
Counsel for Petitioner

IN THE

Supreme Court of the United States

OCTOBER TERM, 1941

No. 892

HAZELTINE CORPORATION,

Petitioner,

vs.

THE CROSLEY CORPORATION,

Respondent.

PETITION FOR REHEARING

Now comes Hazeltine Corporation, the above-named Petitioner, and respectfully petitions for a rehearing in the above-entitled cause for the following reason:

Since the denial of the Petition for Writ of Certiorari on March 2, 1942, in the above cause, there has been filed (or is about to be filed) in this Court a Petition for Writ of Certiorari to the Circuit Court of Appeals for the Third Circuit in the case of *National Electric Products Corporation,* Petitioner, vs. *Triangle Conduit & Cable Company, Inc.,* Respondent, wherein the question presented is fundamentally the same although the facts are different.

Both petitions present for determination by this Court the soundness of the rule adopted by the Circuit Court of Appeals for the Third Circuit in this case and reasserted in the *National Electric Products Corporation* case, namely, that an executory action should be restrained in favor of a declaratory action in all cases where priority of declaratory action appears, and that the District Court has no discretion in the matter.

For the foregoing reason it is respectfully urged that the Petition for Writ of Certiorari be reconsidered, that the Order denying a Writ of Certiorari be vacated, and that a Writ of Certiorari be issued forthwith to review, simultaneously with the decree in the *National Electric Products Corporation* case, the decree of the United States Circuit Court of Appeals for the Third Circuit heretofore entered in this case.

Respectfully submitted,

WILLIAM H. DAVIS
R. MORTON ADAMS
Counsel for Petitioner

Certificate of Counsel

I, R. MORTON ADAMS, counsel for the above-named Petitioner, do hereby certify that the foregoing Petition for a rehearing in this cause is presented in good faith and is not filed for delay.

R. MORTON ADAMS
Counsel for Petitioner.